

Message Text

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70/73

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FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 1415

INFO AMEMBASSY BRASILLIA

AMCONSUL SALVADOR BY POUCH

AMCONSUL SAO PAULO BY POUCH

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C O R R E C T E D C O P Y - PARA TWO, EIGHTH LINE

E.O. 11652: N/A

TAGS: EMIN, ETRD, BR

SUBJECT: QUARTZ EXPORTS

REF: STATE 203440

SUMMARY. BRAZIL, VIRTUALLY THE ONLY PRODUCER OF QUARTZ CRYSTAL MATERIALS, HAS "TEMPORARILY SUSPENDED" ALL QUARTZ EXPORTS DUE TO ALLEGED UNDER-INVOICING BY SIX EXPORTERS. CACEX OFFICIAL BELIEVES DECISION ON RESUMPTION OF EXPORTS WILL BE TAKEN BY END OF MONTH. END SUMMARY.

1. FOLLOWING REPORT IS BASED ON INFORMATION FROM PRESS, MINERALS INDUSTRY AND BANK OF BRAZIL SOURCES.

2. CACEX (FOREIGN TRADE DIVISION OF BANK OF BRAZIL) "TEMPORARILY SUSPENDED," EFFECTIVE SEPTEMBER 15, 1974, EXPORTS OF ALL QUARTZ MATERIALS, INCLUDING LASCAS. ACCORDING TO LOCAL PRESS AND TRADE SOURCES, CACEX ACTION RESULTED FROM GOB INVESTIGATION SHOWING THAT SIX EXPORTERS WERE UNDER-INVOICING THEIR SHIPMENTS, ALLEGEDLY PAYING "GARIMPEIROS" (SMALL GROUPS OF INDIVIDUAL MINERS) \$1.40

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PER KG AND LISTING EXPORT VALUE AT \$US0.50 PER KG.

ACCORDING TO PRESS REPORTS, THESE PRICES COMPARE WITH \$30 TO \$70 PER KG (DEPENDING ON GRADE) WHICH U.S. RECEIVES FROM ITS SALES OF QUARTZ CRYSTAL STOCKS, WHICH ARE SAID TO TOTAL 2,000 MT OF MATERIAL PURCHASED FROM BRAZIL OVER MANY YEARS. THE SIX BRAZILIAN FIRMS ARE FREDERICO HEIBORN COMERCIO E INDUSTRIA S.A.; JAYME CASIUCH MINERIOS S.A.; BRASILIA QUARTZO LTDA.; GOIANAIA IMPORTADORA E EXPORTADORA S.A.; EMPRESA BRASILEIRA MINERACAO S.A. (ALL LOCATED IN RIO); AND EXPORTADORA DE MINERIOS BAHIA LTDA. (STATE OF BAHIA).

3. NATIONAL COUNCIL OF FOREIGN TRADE (CONCEX) IS STUDYING VARIOUS MEANS TO RESUME QUARTZ EXPORTS. ONE POSSIBILITY REPORTEDLY IS FIXED MINIMUM EXPORT PRICES FOR FIRST, SECOND AND THIRD GRADES. SUCH PRICES HAVE NOT YET BEEN DETERMINED, BUT THEY WOULD BE PEGGED CLOSE TO SELLING PRICE OF U.S. STOCKS OF QUARTZ CRYSTAL. ANOTHER POSSIBLE MEANS WOULD ENTAIL QUOTAS FOR EACH EXPORTER, WITH GOB RECEIVING 60 PERCENT OF MINIMUM ESTABLISHED PRICE, WHICH WOULD BE USED TO DEVELOP DOMESTIC QUARTZ CRYSTAL INDUSTRY. ANOTHER REPORTED POSSIBILITY IS CLASSIFICATION INTO ONLY TWO INSTEAD OF THREE GRADES TO FACILITATE INSPECTION.

4. CACEX OFFICIAL HASP PRIVATELY CONFIMRED THAT CONCEX IS CURRENTLY WORKING ON MATTER AND BELIEVES DECISION ON RESUMPTION OF EXPORTS WILL BE TAKEN BY END OF MONTH. HE DOWNPLAYED ALLEGATIONS MADE AGAINST EXPORTERS, STATING THAT CACEX IS PERMITTING THEM TO SHIP OTHER MINERALS. AS TO ACTUAL REASON FOR EXPORT EMBARGEO, HE INDICATED THAT BRAZILIAN EXPORTS SO FAR THIS YEAR WERE UNEXPECTEDLY HIGHER THAN IN PREVIOUS YEARS AND GOB WANTS TO FIND OUT WHY.

5. AS RESULT GOB ACTION ON QUARTZ, SPECULATION HAS ARISEN WITHIN SOME SEGMENTS OF LOCAL MINERALS INDUSTRY THAT MEASURES MAY BE TAKEN TO ENSURE THAT OTHER MINERAL EXPORTS ARE NOT UNDER-INVICED.

6. DNPM (MINISTRY OF MINES' DEPARTMENT OF MINERALL PRODUCTION) RECENTLY PUBLISHED IN PORTUGUESE AN "ANALYTICAL PROFILLE" ON QUARTZ. ALTHOUGH INFO AND DATA CONTAINED IN IT ARE ABOUT ONE LIMITED OFFICIAL USE

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YEAR OLD, REPORT IS CONSIDERED THE MOST THOROUGH EXAMINATION OF ALL ASPECTS OF BRAZIL'S QUARTZ CRYSTAL INDUSTRY. COPY IS BEING POUCHED TO ARA/BR.

7. FYI: BRAZILIAN EXPORTS OF NATURAL RAW QUARTZ CRYSTAL IN 1973 TOTALED 395 MT, INVOICED AT \$653,000 ((FOB). PRINCIPAL CUSTOMERS WERE JAPAN (156 MT), HONG KONG (111 MT), WEST GERMANY (32 MT) AND U.S. (26 MT). BRAZILIAN LASCA EXPORTS IN 1973

TOTALED 3,933 MT, INVOICED AT \$1.9 MILLION (FOB). PRINCIPAL CUSTOMERS WERE WEST GERMANY (1,522 .5), FRANCE (640 MT), JAPAN (538 MT), U.S. (430 MT), POLANT (295 MT), AND UK (233 MT).
ENDY FYIM

8. WOULD APPRECIATE WASHINGTON COMMENTS ON STATEMENTS ABOVE CONCERNING U.S. STOCKS AND PRICES.
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